

“THE WALL”

Understanding the Internal Process

Virtual “walls” have been erected for the purpose of screening communications to ensure that the internal process leading up to the adjudicative hearing is conducted fairly and impartially for all parties. The following information will give you a better understanding of this process.

FOUR SIMPLE FACTS ABOUT PREMERA CONVERSION REQUEST

Fact #1: Premera Blue Cross, a health carrier and non-profit corporation, has filed an Application (under the Holding Act) to convert to a for-profit entity.

Fact #2: The review will be conducted as an adjudicative proceeding, which means to hear and resolve a case by judicial procedure.

Fact #3: Certain procedural safeguards must be followed to ensure that the parties to the proceeding are given a fair and impartial hearing.

Fact #4: Insurance Commissioner Kreidler, with the assistance of certain staff, is the final decision-maker regarding the approval or disapproval of this Application.

THE IDENTITIES OF THE FOUR SEPARATE “PLAYERS”

#1: COMMISSIONER: The Commissioner, who is the final decision-maker, is assisted by the following individuals:

- Christina Beusch, Assistant Attorney General
- Carol Sureau, OIC Deputy Commissioner for Legal Affairs
- Scott Jarvis, OIC Deputy Commissioner for Consumer Protection
- Lee Barclay, OIC Senior Actuary
- Lee Michelson, OIC Actuary Associate
- Jennifer Kreidler, OIC Insurance Policy and Compliance Analyst
- Bill Ripple, OIC Public Affairs Project Manager
- Val Gerst, OIC Executive Assistant to the Commissioner
- Heather Budd, OIC Paralegal

#2: OIC STAFF REVIEW TEAM: The OIC Staff Review Team participates in the process separately from the Commissioner:

- Jim Odiorne, OIC Deputy Commissioner for Company Supervision, is Lead
- His team will analyze the Application and present recommendations to the Commissioner during the proceedings.
- He will be assisted by other OIC agency staff as needed, including John Hamje, OIC staff attorney
- Expert consultants have been hired to provide services in the areas of legal, investment banking, actuarial, accounting and taxes, and antitrust matters.

#3: PREMERA: Premera is represented by its staff and attorneys.

#4: INTERVENERS: There are four groups of Interveners – defined as ones who enter into a legal matter as a third party for the protection of an alleged interest. They are: Premera Watch Coalition; The Hospital Associations; Washington State Medical Association; and, The Alaska Interveners. These groups were recognized by the Commissioner as representing significant interests that may be affected by this conversion. They collectively bring certain expertise relevant to their positions as providers and consumers of healthcare, and they may offer information and perspective that may differ from Premera and the OIC Staff Review Team.

ENSURING SEPARATION OF FUNCTIONS

During this entire process Commissioner Kreidler and his advisors cannot directly or indirectly have contact with individuals who are, or may be working with, the OIC Staff Review Team regarding the merits of the Application.

Exception #1: Contact is allowed during the proceedings when all participants have the opportunity to be present, such as at Pre-Hearing Conferences.

Exception #2: The prohibition against communications does not apply to communications about non-substantive, procedural matters that must be addressed to maintain an orderly hearing process.

Consequently the Commissioner and his advisors:

- Are “walled off” from the rest of the OIC staff regarding the merits of Premera’s proposal;
- Should not receive or be copied on communications from other OIC staff on that topic; and
- Cannot consult with anyone outside of the agency regarding the merits of the proposal and the decision on whether to approve or deny the transaction.

HEARING ON THE MERITS

Because the Commissioner is the ultimate decision-maker on this Application from Premera, it is imperative that he and his team of advisors be walled off, or kept separate from, all individuals and groups involved in this process, including those working with the OIC Staff Review Team as they research and decide on their ultimate recommendation in the matter. When the adjudicative hearing is held, with the Commissioner as the judicial head:

- The Premera Team will present its case;
- The OIC Staff Review Team will present its case; and
- The Interveners will have the opportunity to present their case.

The Commissioner will then take all of the testimony, documentation and recommendations under advisement before rendering a written decision.